

BIG TAXMOVES you could be making; Don't miss these beneficial credits and deductions this season

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Byline: Clarrie Feinstein Toronto Star

Body

Filing taxes can be a headache.

Yet Canadians can reap the rewards of various tax credits and deductions they often fail to claim because it either feels too complicated or they're simply unaware of their eligibility, experts say.

First, it's important to understand the difference between tax credits and deductions, said Ian Calvert, vice-president and principal of wealth planning at HighView Financial Group.

"Tax deductions lower the amount of someone's taxable income," he said. For example, someone with a total income of \$100,000 who makes an RRSP contribution of \$10,000 (which is a deduction) would have taxable income of \$90,000. Therefore, the taxes owing is then based on \$90,000, he added.

Tax credits, on the other hand, are applied directly against the taxes owing.

For example, if someone has a \$500 tax credit it reduces the total amount they have to pay by \$500 (providing they owe \$500 or more).

Essentially, tax deductions lower the taxable income on which the taxes are calculated, and credits are applied directly against the amount payable, Calvert said.

Here are some of the most often-missed tax credits and deductions that you should claim in your 2022 tax filings if you're eligible. Personal tax returns must be filed on or before April 30, 2023.

Medical expenses

Often overlooked due to the complicated process, medical expenses can cover many types of health care, said Evelyn Jacks, a tax expert and president of Knowledge Bureau, a financial education institute. You can claim only eligible medical expenses on your tax return if you, or your partner, paid for the medical expenses in any 12-month period ending in 2022 and did not claim them in 2021.

To qualify for a claim, medical expenses must exceed the lesser of three per cent of your net income or \$2,479. The costs can cover contact lenses, glasses, prescription drugs and travel expenses to receive medical care outside of your region, Jacks said.

You must be at least 40 kilometres away from your region to claim medical travel expenses - such as public transportation costs or vehicle expenses if public transit isn't readily available. If you had to travel at least 80

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kilometres for medical care, it's also possible to claim meal costs, parking and accommodation, she added. "Make sure to keep receipts and logs for travelling expenses," she added.

Disability tax credit

The disability tax credit helps reduce the income tax people who have a physical or mental disability, or their supporting family members, might have to pay. It aims to offset some of the costs related to the disability. "It's a non-refundable tax credit of \$8,870 for adults and a child supplement of \$5,174," Jacks said. "It's a lucrative credit that can really help."

A medical practitioner must confirm the disability on form T2201 and if the application is approved the individual can claim the disability credit.

Moving expenses

Generally, you can claim moving expenses if you moved to work or run a business at a new location, or you moved to study as a full-time student enrolled in a post-secondary program. The new home must be at least 40 kilometres closer to your new work location or school, Jacks said.

Eligible moving expenses include transportation and storage, meals, accommodation and vehicle expenses to move you, and your household, to the new location.

Temporary living expenses for a maximum of 15 days for meals and temporary lodging can also be covered.

Ontario Staycation Tax Credit

This is the final year Ontario residents can claim the Staycation Tax Credit, which allows people to claim up to 20 per cent of their eligible 2022 accommodation expenses such as a hotel, cottage, or campground, said Calvert.

You can claim eligible expenses of up to \$1,000 as an individual or \$2,000 if you have a partner or children, to get back up to \$200 as an individual or \$400 as a family.

The tax credit only applies if the staycation was taken between Jan. 1, 2022 and Dec. 31, 2022, and the expenses must have been paid by you, your partner, or eligible child.

Working from home expenses

This credit was introduced during the pandemic as more people shifted to remote work. Employees working from home at least 50 per cent of the time for at least four consecutive weeks due to the pandemic can claim the expense.

One way to claim the expense is through the "temporary flat rate method," which allows eligible individuals to receive up to \$500 in 2021 and 2022. To apply requires minimal supporting documentation, making it an easy application process, experts say.

Climate action incentive payment

Bonus! To get this credit, you really just need to file your taxes. Previously, the climate action incentive payment was a refundable tax credit claimed annually on personal income tax returns. The federal government changed the tax credit in 2021 to a quarterly payment to help people offset the cost of the federal pollution pricing.

To be eligible you must be 19 or older and file your income tax return, said Calvert.

The Ontario program provides an annual credit of \$488 for an individual, \$244 for a spouse or common-law partner, \$122 per child under 19, and \$244 for the first child in a single-parent family.

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"Filing a tax return is one of the most significant financial activities of the year," said Jacks. "You want to get that tax refund as quickly as possible to put back into other savings."

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